
REPORT HIGHLIGHTS

Seattle Office of City Auditor - January 4, 2007

A copy of the Office of City Auditor's full report regarding Seattle Municipal Court (SMC) Accounts Receivable and Revenue Recovery can be obtained at the Auditor's website at <http://seattle.gov/audit> or by calling (206) 233-3801. Please direct any questions or comments regarding this report, or suggestions for future audits to Susan Cohen, Seattle City Auditor, at (206) 233-3801 or susan.cohen@seattle.gov.

SEATTLE MUNICIPAL COURT ACCOUNTS RECEIVABLE AND REVENUE RECOVERY

AUDIT OBJECTIVES

In 2005, the Seattle Municipal Court (SMC) received about \$17 million in revenues from fines for parking violations, and traffic and non-traffic infractions. We evaluated SMC's accounts receivable and revenue recovery policies, procedures, and operations relative to these fines, and tested compliance with key related internal controls.

RECOMMENDATIONS

We recommend SMC revise its policies related to payment of fines. This could include:

- 1) Eliminating time-payments and community service for parking tickets, which are a routine violation,
- 2) Not allowing time-payment or community service plans for citizens who have defaulted in the past,
- 3) Charging citizens an administrative fee for time-payment plans,
- 4) Eliminating time-pay and community service extensions,
- 5) Eliminating the practice of recalling old debts from collections to roll into new obligations.

SMC POLICIES ALLOW CITIZENS TO DELAY AND/OR AVOID PAYMENT OF FINES

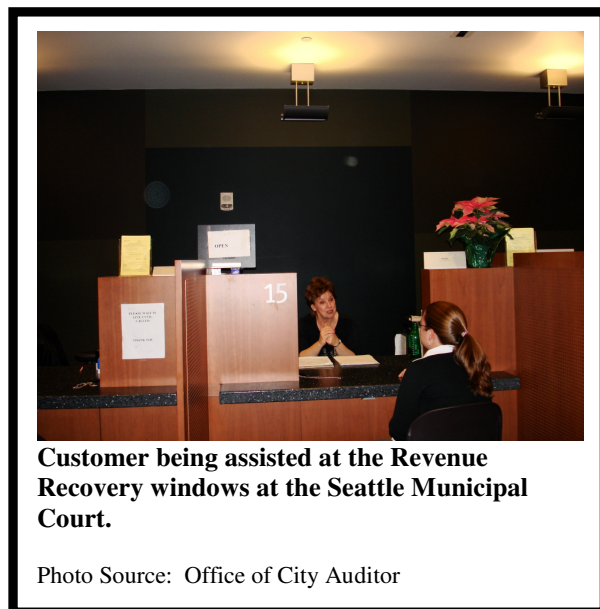
Overall, we found that SMC has adequate controls over accounts receivable management and revenue recovery functions, and SMC personnel generally comply with control procedures. However, SMC policies cause operational inefficiencies, result in ineffective use of staff resources, and allow citizens to take advantage of policies to delay payment of fines and/or referral to collections. In addition, our audit results indicated a high percentage of citizens do not pay their fines in a timely manner, which results in late fee penalties and the eventual referral to collections.

Time payments: We found that most citizens set up on time-payment arrangements do not pay on time. SMC staff time is spent pursuing debts that will most likely not be paid. Citizens can take advantage of lenient payment policies to delay payment of fines and/or referral to collections. Time-payment research functions are inefficient and not adequately supported by SMC's information system, MCIS.

Community service: We found that many citizens who choose to perform community service in lieu of fine payment do not meet their commitments. Consequently, SMC expends resources following up on community service time that will often not be served.

Performance measures: SMC does not collect or track performance measurement data for revenue recovery processes due to the limitations of its information systems; therefore, we were unable to assess or quantify the effectiveness and efficiency of SMC's revenue recovery functions compared to those of the other large municipal courts we surveyed.

Information systems: SMC's information systems do not adequately support SMC's revenue recovery and accounts receivable needs.



Customer being assisted at the Revenue Recovery windows at the Seattle Municipal Court.

Photo Source: Office of City Auditor